GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:22
ANSWERED ON:24.11.2005
SHORTAGE OF LPG
Purandeswari Smt. Daggubati;Sippiparai Shri A. Ravichandran

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the total production of Liquefied Petroleum Gas (LPG) in the country ;

(b) the total demand and supply of LPG in the country, State/Union territory-wise :(

(c) whether there is an acute shortage of LPG in the country ;

(d) if so, the details thereof and the reasons therefor ;

(e) whether the Government is planning to import LPG to combat the situation ;

(f) if so, the details thereof ; and(g) the other steps taken by the Government to meet the requirements ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (g) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF THE LOK SABHA STARRED QUESTION NO. 22 BY SHRIMATI D. PURANDESWARI AND SHRI RAVICHANDRAN SIPPIPARAI TO BE ANSWERED ON 24TH NOVEMBER, 2005 REGARDING SHORTAGE OF LPG.

(a) : During 2004-05, 7737 TMT (Thousand Metric Tonnes) of LPG was produced in the country.

(b) : LPG requirements are met by a combination of domestic production and imports. During 2004-05, 9967 TMT of LPG was consumed in the country. State/Union Territory-wise details are annexed.

(c) & (d) :A temporary shortage of LPG emerged in September 2005 when Reliance Industries Ltd. (RIL), the largest domestic supplier of LPG, announced a shut down of their Fludized Catalytic Cracker (FCC) unit at Jamnagar for maintenance work with effect from October 2005 at just about the time global LPG supplies became tight, partly on account of the impact of Hurricane Katrina on US refineries. This upset the plans made by our Oil Marketing Companies (OMCs) to effect imports in time to offset the anticipated shortage in supplies on account of the RIL shut down. This further led to rumours in the market that OMCs would not be able to meet the demand leading to a sudden spurt in demand. There was also a strike in bottling plants in the NCT area towards the end of September 2005 which aggravated the situation. The Ministry took matters in hand early October 2005 when it was decided that through a combination of inventory management and import management by a composite task force of OMCs under the close supervision of Government, physical shortages of supply would be overcome as quickly as possible. It was also decided that bottling plants in the NCT area would work on Sunday, 9 October 2005 and other holidays. On the basis of these decisions, it was announced that the physical shortage in the

NCT area would be ended by Dusshera and substantively in the rest of the country by Deepavali. These objectives have been largely achieved, with the overall physical shortage in the country at present having been reduced to only about 1.5% of the average monthly consumption of LPG. The situation is expected to normalize further by the end of November 2005 on the restoration of production in RIL's refinery.

(e) & (f) : In addition to the arrangements made earlier by OMCs to import 642 TMT of LPG during the period October-December 2005, arrangements have also been made to import an additional quantity during this period of 237.9 TMT, 116 TMT of which has already been imported.

(g) : While OMCs have succeeded in reducing physical shortages of LPG supplies to around 1.5% of the average monthly requirement, the backlog at the micro-level does vary from market to market on account of operational reasons. Moreover, while OMCs are striving to ensure supplies to distributors in accordance with the registered customer strength of the distributor, the active cooperation of State Governments is required to cap, reduce and eventually eliminate the diversion of domestic LPG to the black market and unauthorized use which takes place on account of the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG. The Union Government in the Ministry of Petroleum and Natural Gas has alerted State

Governments to the imperative need to curtail diversion and other malpractices by enforcing the control orders issued under the Essential Commodities Act, 1955. OMCs have also been directed to ensure adherence to Marketing Discipline Guidelines, 2001.

ANNEX

STATE-WISE CONSUMPTION OF LPG DURING 2004-05 (PROVISIONAL)

(Figure in TMT)

States / UTs	Quantity
Andhra Pradesh	784
Arunachal Pradesh	10
Assam	155
Bihar	244
Chhattisgarh	93
Delhi	576
Goa	42
Gujarat	595
Haryana	375
Himachal Pradesh	77
Jammu & Kashmir	103
Jharkhand	90
Karnataka	629
Kerala	482
Madhya Pradesh	382
Maharashtra	1508
Manipur	17
Meghalaya	12
Mizoram	16
Nagaland	13
Orissa	132
Punjab	511
Rajasthan	426
Sikkim	3
Tamil Nadu	926
Tripura	18
Uttar Pradesh	1059
Uttaranchal	126
West Bengal	483
Andaman & Nicobar	10
Chandigarh	31
Dadra & Nagar Haveli	9
Daman Diu	5
Lakshadweep	0
Pondicherry	24
TOTAL	9967